



Momentum Increasing for Architecture Billings Index

Design activity progressing for all construction project types

Washington, D.C. – July 23, 2014 – The Architecture Billings Index (ABI) is signaling improving conditions for the overall design and construction industry. As a leading economic indicator of construction activity, the ABI reflects the approximate nine to twelve month lead time between architecture billings and construction spending. The American Institute of Architects (AIA) reported the June ABI score was 53.5, up from a mark of 52.6 in May. This score reflects an increase in design activity (any score above 50 indicates an increase in billings). The new projects inquiry index was 66.4, up noticeably from the reading of 63.2 the previous month and its highest level in a calendar year.

The AIA has added a new indicator measuring the trends in new design contracts at architecture firms that can provide a strong signal of the direction of future architecture billings. The score for design contracts in June was 55.7 – the highest mark since that indicator starting being measured in October 2010.

“The recent surge in both design contracts and general inquiries for new projects by prospective clients is indicative of a sustainable strengthening across the construction marketplace,” said AIA Chief Economist Kermit Baker, Hon. AIA, PhD. “With the first positive reading since last summer in billings at institutional firms, it appears that design activity for all major segments of the building industry is growing. The challenge now for architecture firms seems to be finding the right balance for staffing needs to meet increasing demand.”

Key June ABI highlights:

- Regional averages: Midwest (56.3), South (53.9), Northeast 51.1 , West (48.7)
- Sector index breakdown: multi-family residential (57.7), mixed practice (53.8), commercial / industrial (53.1), institutional (50.2)
- Project inquiries index: 66.4
- Design contracts index: 55.7

The regional and sector categories are calculated as a 3-month moving average, whereas the national index, design contracts and inquiries are monthly numbers.

About the AIA Architecture Billings Index

The Architecture Billings Index (ABI), produced by the [AIA Economics & Market Research Group](#), is a leading economic indicator that provides an approximately nine to twelve month glimpse into the future of nonresidential construction spending activity. The diffusion indexes contained in the full report are derived from a monthly “Work-on-the-Boards” survey that is sent to a panel of AIA member-owned firms. Participants are asked whether their billings increased, decreased, or stayed the same in the month that just ended as compared to the prior month, and the results are then compiled into the ABI. These monthly results are also seasonally adjusted to allow for comparison to prior months. The monthly ABI index scores are centered around 50, with scores above 50 indicating an aggregate increase in billings, and scores below 50 indicating a decline. The regional and sector data are formulated using a three-month moving average. More information on the ABI and the analysis of its relationship to construction activity can be found in the recently released White Paper, *Designing the Construction Future: Reviewing the Performance and Extending the Applications of the AIA’s Architecture Billings Index* on the [AIA web site](#).